



***United States Attorney
Southern District of New York***

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**MANHATTAN ART GALLERY OWNER AND MANAGER INDICTED IN
FEDERAL COURT ON MAIL AND WIRE FRAUD CHARGES FOR MULTI-
MILLION DOLLAR ART FORGERY SCHEME**

DAVID N. KELLEY, the United States Attorney for the Southern District of New York, today announced the Indictment of ELY SAKHAI, a/k/a "Eliyahoo Sakhai," owner of a lower Manhattan art gallery known as "Exclusive Art," and HOUSHI SANDJABY, a/k/a "Harun Sandjaby," the gallery's manager, charging them with mail and wire fraud stemming from their involvement in an international art forgery scheme that has spanned at least fifteen years. The Indictment also seeks forfeiture in the amount of \$7.38 million, representing the proceeds of SAKHAI and SANDJABY's fraudulent scheme.

SAKHAI and SANDJABY were presented today before United States Magistrate Judge ANDREW J. PECK in Manhattan federal

court.

The Indictment, which was unsealed today, charges SAKHAI and SANDJABY with defrauding art purchasers by selling them forgeries of paintings by master artists representing primarily the Impressionist, post-Impressionist and modern periods, such as March Chagall, Amedeo Modigliani, Pierre-Auguste Renoir, Paul Klee, and Paul Gauguin.

According to the Indictment, in the defendants' scheme, SAKHAI would initially purchase authentic works of art and then he and SANDJABY would hire artists who they directed to create copies of the art works. The Indictment charges that SAKHAI and SANDJABY attempted to make the forgeries appear indistinguishable from the authentic works by instructing the artists to include in the copies all facets of the original, including, for example, markings on the back of the canvas and frame. SAKHAI and SANDJABY also arranged for a special coating to be applied to the finished forgeries, and for the frames to be constructed and altered, in order to make them appear as if they had been made decades earlier, the Indictment charges.

According to the Indictment, SAKHAI and SANDJABY further induced purchasers into believing that the forgeries were authentic through, among other things, providing "certificates of authenticity," which were at times also forged. The Indictment alleges that between 1994 and 1996, SAKHAI sold works which he

represented to be Pierre-Auguste Renoir's "Jeune Femme S'Essuyant," Marie Laurencin's "Jeune Fille a Mandolin," and Marc Chagall's "L'Inspiration a L'Artiste" and "Vase de Fleurs avec Coq et Lune" to one art gallery in Tokyo, Japan, providing the gallery with purported certificates of authenticity for each painting. The Indictment further charges that in or about 1995, SAKHAI sold a forgery of Chagall's painting known as "Les Maries au Bouquet de Fleurs" to an art gallery in Taipei, Taiwan, also providing the buyer with a purported certificate of authenticity. According to the Indictment, SAKHAI subsequently sold, attempted to sell, or remained in possession of a "second version" of each of these paintings.

The Indictment also charges that, in connection with at least two transactions, SAKHAI and SANDJABY misled potential buyers into believing that the forged works were authentic by falsely claiming that Citibank was involved in the sale and that the paintings were pledged as collateral for Citibank loans. The Indictment alleges that SAKHAI, SANDJABY and others working with them impersonated Citibank representatives in connection with the sale of forgeries, and delivered bogus documents purporting to be executed on behalf of the bank.

According to the Indictment, years after selling the forgeries, SAKHAI and SANDJABY would then attempt to sell the authentic paintings through public auction without disclosing their own prior sales of one or more forgeries of the same work. In many instances, unwitting purchasers of the forgeries offered

their own paintings for resale by putting them up for auction with the major auction companies and, according to the Indictment, both the forgery and the authentic paintings sometimes appeared at competing auction houses. Such was the case for Paul Gauguin's "Vase de Fleurs (Lilas)," when the forgery (which SAKHAI had sold in 1997 to an individual in Tokyo, Japan, and was consigned by a subsequent purchaser to Christie's for its May 2000 auction), and the authentic (which SAKHAI had kept and consigned to Sotheby's for its May 2000 auction several years after he had sold the forgery in Japan) appeared at the auction houses simultaneously. After representatives of Sotheby's and Christie's learned of the two versions of what appeared to be the same Gauguin, an expert examined them side by side and concluded that the one that the Tokyo individual purchased in 1997 was a forgery, the Indictment alleges.

SAKHAI and SANDJABY are charged in the Indictment in one count of conspiracy to commit mail and wire fraud. The Indictment further charges SAKHAI in two counts of substantive wire fraud and six counts of mail fraud. If convicted, the defendants face a maximum penalty of 5 years imprisonment on the conspiracy count and a fine of \$250,000 or twice the gross gain or loss resulting from the offense, and SAKHAI faces a maximum penalty of 20 years in prison for each of the eight substantive mail and wire fraud counts, and a \$2 million fine or twice the gross gain or loss resulting from the crime.

The case is currently pending before United States District Judge LORETTA A. PRESKA.

Mr. KELLEY praised the investigative efforts of the FBI and said that the investigation is continuing.

The FBI is seeking additional information relating to art suspected of being forged and directs persons with relevant information to log on to the official FBI website www.fbi.gov for further information and images.

Assistant United States Attorneys JANE A. LEVINE and VIRGINIA L. CHAVEZ are in charge of the prosecution.

The charges contained in the Indictment are merely accusations, and the defendants are presumed innocent unless and until proven guilty.

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